

A bill for an act
relating to insurance; regulating the state employee group insurance plan;
establishing the plan as a high deductible health plan; requiring health savings
accounts to be offered to enrollees; proposing coding for new law in Minnesota
Statutes, chapter 43A.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[43A.221] BENEFIT STRUCTURE; HEALTH SAVINGS ACCOUNTS.**

(a) The state employee group insurance plan must be structured as a high deductible health plan that would allow both the employer and participants to qualify under federal law to use health savings accounts to:

(1) cover the annual deductible required under the high deductible health plan;

(2) provide open access to health care services and unlimited patient choice by providing carrier open access networks for all plans offered;

(3) save on health care costs by encouraging price comparison shopping; and

(4) create a tax-free, interest-earning fund for future medical expenses.

(b) The high deductible health plan must have an annual deductible of \$2,000 for self-only coverage or \$4,000 for family coverage. It must cover in-network preventive care at 100 percent not subject to the deductible and, once the deductible has been met, must cover other care with no further enrollee cost-sharing. The employer must pay 100 percent of the premium, or premium equivalent if the plan is self-insured, for the high deductible health plan.

(c) The employer must offer a premium-only plan flexible spending account under the Internal Revenue Code, section 125, that includes a health savings account that qualifies under the Internal Revenue Code, section 223(d), allowing for qualified pretax employee elective salary deferrals into the health savings account.

(d) The employer must contribute to the eligible person's health savings account \$1,200 per calendar year for self-only coverage or \$2,400 for family coverage, whichever applies. The employer must begin each calendar year by depositing the first calendar year quarter's prorated annual deposit into each employee's health savings account. The employer must advance up to the annual health savings account employer commitment based upon verifiable medical need for qualified health care expenses. The employee may voluntarily contribute to the health savings account on a pretax payroll deduction basis, not to exceed the maximum annual employee contribution permitted under federal tax law.

(e) The goal of the employer is to expand coverage through the health savings account for eligible items, including but not limited to:

(1) all preventive and medical care services;

(2) eyeglasses, contact lenses, and laser eye surgery;

(3) preventive and restorative dental procedures, including orthodontics;

(4) all over-the-counter medications and supplies;

(5) future long-term care policy premiums; and

(6) future Medicare Part B premiums.

(f) The goal of the employer is to enable a dramatic reduction in potential out-of-pocket financial liability to the employee with both single and family coverage as compared to the present plan.

(g) Further, the goal of the employer is to eliminate the employee's net out-of-pocket plan liability through both tax-free accumulations of both employee elective pretax payroll contributions, as well as the accumulation of unused health savings account funds from year to year.

(h) Further, it is the employer's goal to allow for the portability of employee-owned pretax health savings account accumulations into retirement for the purpose of financing health care needs of the retired employee after retirement on a tax-free basis.

(i) And further, it is within the spirit of this section to reinvest any future premium reductions of the high-deductible health plan back into the employee health savings accounts as a reward for their successful efforts in achieving the goals of this new plan.

(j) The commissioner shall contract with an independent insurance agency or broker in order to receive a financial cost savings analysis and recommendations regarding design and implementation of coverage offered in the state employees group insurance program.

EFFECTIVE DATE. This section is effective for insurance plan years beginning January 1, 2011, and thereafter.